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# EXPORT AEROSPACE NEWS

Spring 2003

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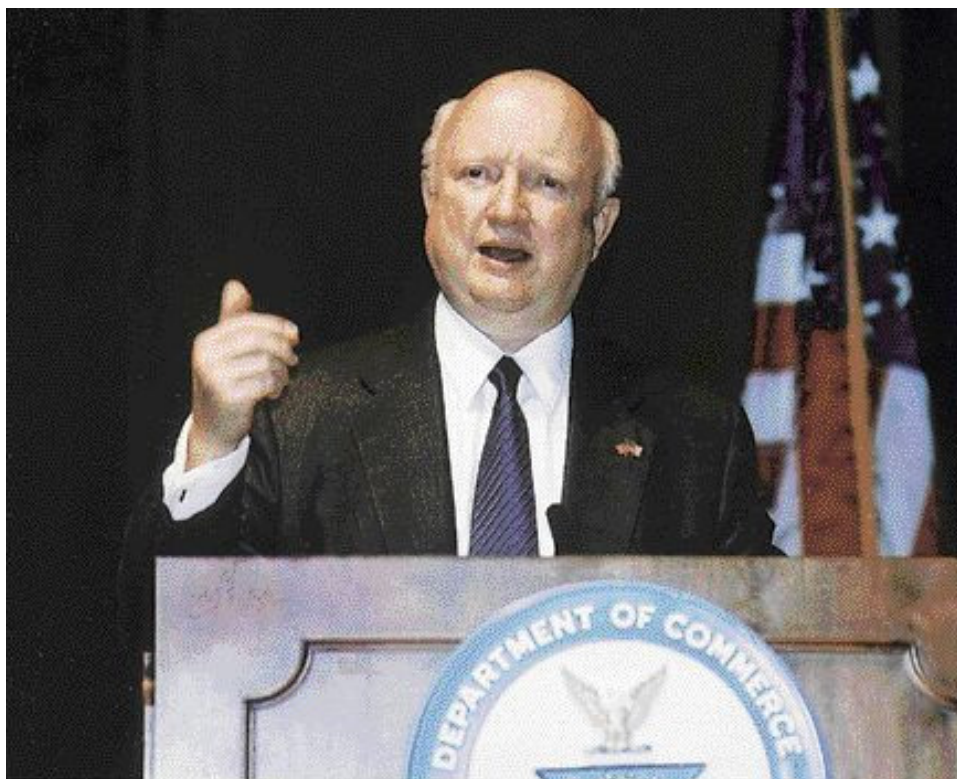
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## SPACE AT THE CROSSROADS CONFERENCE

On Feb. 19, 2003, the U.S. Commerce Department's Office of Aerospace, the Space Foundation, *Space News*, and the Satellite Industry Association co-hosted a conference, Space at the Crossroads, at the headquarters of the U.S. Commerce Department. Deputy Secretary of Commerce Samuel Bodman provided keynote remarks at the conference, which focused on the balance between commercial and national security uses of space. Dr. Bodman said, "The government's reliance on the commercial space industry remains significant. Government is a big consumer of space technologies, so active and constructive partnerships with government are essential for a strong recovery." Other speakers included Ronald Sega, the U.S. Defense Department's director of defense research and engineering; Scott Pace, NASA deputy chief of staff; and U.S. Air Force Lt. General Thomas Goslin, Jr., deputy commander, United States Strategic Command. More than 160 U.S. and international government and industry representatives, as well as over 20 journalists, attended the conference.

For more information about this event, contact Kim Wells at (202) 482-2232, or [kim\\_wells@ita.doc.gov](mailto:kim_wells@ita.doc.gov).



Deputy Secretary of Commerce Samuel Bodman addresses conference attendees. (Photo courtesy of *Space News*.)



*The Office of Aerospace has an upcoming Aerospace Product Literature Center in which U.S. aerospace companies are invited to participate: Paris Air Show 2003.*

*For more information on this event, please access our office Web site, [www.ita.doc.gov/aerospace](http://www.ita.doc.gov/aerospace), or contact Tony Largay at (202) 482-6236.*

*For information on opportunities to introduce your company to new export markets, please contact our office.*

## U.S. AEROSPACE TRADE SNAPSHOT: 2002

For over half a century, trade in aerospace products has been a bright spot in the U.S. merchandise trade balance. Last year was no exception, even though the overall U.S. trade deficit reached a record high. In 2002, the United States experienced a healthy boost in the aerospace trade surplus: a very slight increase in U.S. aerospace exports along with a significant downturn in U.S. imports of aerospace products.

U.S. manufacturers exported \$57 billion in aerospace products in 2002, an increase of 1.1 percent over 2001. The United States imported \$27.5 billion in aerospace products in 2002, a decrease of 17 percent from 2001. The trade surplus of \$29.5 billion was an increase of 26 percent over the 2001 figure. U.S. aerospace imports declined in complete aircraft, aircraft

engines and parts, avionics, and other aircraft parts. The only increase in imports was in the guided missiles, space vehicles, and parts category, which recorded an 11-percent rise over 2001. Aerospace exports remained relatively constant from 2001 to 2002, except for the missiles and space category. U.S. exports of guided missile and space products increased 42 percent in 2002. The increase was primarily in missile and space propulsion units.

For more information on aerospace trade, contact Ron Green at (202) 482-3068, or [ron\\_green@ita.doc.gov](mailto:ron_green@ita.doc.gov).

## U.S.-RUSSIAN TECHNICAL ASSISTANCE SEMINAR

On Feb. 11–12, 2003, a U.S. government team visited Moscow to assist Russian government officials in understanding and implementing the WTO Agreement on Trade in Civil Aircraft (ATCA). These meetings reinforced U.S. efforts aimed at encouraging Russia to sign the ATCA in conjunction with its WTO accession. U.S. team members shared with their Russian counterparts how the United States implements the ATCA in regard to customs administration as well as how the United States addresses dual-use and customs fraud issues.

U.S. officials described, step-by-step, the process of importing a civil aircraft or aircraft part into the United States. The team provided details on issues such as customs classification, informed compliance and rulings, customs operations including bonds and release, and FAA certification of aircraft and parts as stipulated in the U.S. Harmonized Tariff Schedule. The Russians responded with many questions and expressed appreciation for the information.

The event was developed and organized by the U.S. Commerce Department's Office of Aerospace, with sponsorship by the U.S. Trade and Development Agency. The U.S. team, led by

the Office of the U.S. Trade Representative, was comprised of officials from the Office of Aerospace, the U.S. Customs Service, the Federal Aviation Administration, and the U.S. embassy in Moscow. The Russian government was represented by the State Customs Committee, the Ministry of Economic Development and Trade, and the Interstate Aviation Committee. The U.S. team held briefings with the aerospace committee of the American Chamber of Commerce in Russia. (Committee members included United Technologies, Boeing, Lockheed Martin, General Electric Aircraft Engines, Rockwell Collins, and Honeywell.) In addition to discussing the ATCA with Russian officials, the U.S. government team also raised concerns about Russian tariffs on imports of leased aircraft.

For more information, contact Heather Pederson at (202) 482-6234, or [heather\\_pederson@ita.doc.gov](mailto:heather_pederson@ita.doc.gov).

## CHINESE AVIATION BUSINESS SYMPOSIUM

Twenty representatives from China's leading aerospace organizations have been invited to take part in a business symposium in Washington, D.C., in July 2003. This event is designed to provide Western companies interested in working in China with comprehensive information on aerospace business opportunities there. Among the Chinese organizations to be represented are China's two regional jet manufacturing subsidiaries, AVIC 1 and AVIC 2, and their parent company, COSTIND. The General Administration for Civil Aviation of China and China Aerospace Science and Technology Corporation will also participate.

The U.S. Commerce Department's Office of Aerospace is pleased to co-sponsor this event in conjunction with the symposium organizers: *Aviation Week & Space Technology* magazine and Beijing-based *International Aviation* magazine.

Tentative topics include:

- Missions and responsibilities of Chinese aerospace industry organizations;
- Issues concerning investment in Chinese airlines;
- The impact of the Chinese airline mergers;
- Opportunities for foreign participation in China's aerospace-related programs;
- The significance of renewed military-to-military contacts between China and the United States;
- The effect of China's latest Five-Year Plan on global commercial aviation; and
- Changes as a result of China's WTO membership.

The charge to attend this symposium, including briefings and a cocktail networking reception, is \$295. For further information, contact Ryan Leeds of *Aviation Week* at (212) 904-3892, or [ryan\\_leeds@aviationnow.com](mailto:ryan_leeds@aviationnow.com).

## UPCOMING TRADE MISSIONS FOCUS ON CHINA AND EASTERN EUROPE

The Office of Aerospace is currently planning two trade missions this year, to be led by Deputy Assistant Secretary of Commerce Joseph Bogosian. The first trade mission, concurrent with the Aviation Expo in Beijing, Sept. 17-20, will assist U.S. air traffic control manufacturing firms, service providers, and consultants interested in expanding their presence in China's rapidly growing aerospace market. China's aviation industry is expected to grow more than 8 percent annually in the next few years, particularly as a result of Olympic Games preparation and the nation's increasingly high profile in international trade and tourism. For more information or to register for the China mission, contact Vicki Heilman at (202) 482-4230, or [vicki\\_heilman@ita.doc.gov](mailto:vicki_heilman@ita.doc.gov).

The Office of Aerospace is also exploring the possibility of a trade mission with stops in various locations in Central and Eastern Europe during October 2003. Many Central and Eastern European countries are preparing for EU

accession, and the regulatory and legislative changes stemming from harmonization with the European Union make it an excellent time for U.S. firms to start looking for business partners in the region. American companies stand to benefit from soon-to-be harmonized standards in Bulgaria, the Czech Republic, Hungary, Poland, and Romania, among other countries. This harmonization with EU standards should improve conditions for U.S. investment and trade. Aerospace industry feedback on interest in specific or general locations in Central and Eastern Europe would be welcomed and should be directed to Karen Dubin at (202) 482-3786, or [karen\\_dubin@ita.doc.gov](mailto:karen_dubin@ita.doc.gov).



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## HELICOPTER SALES ON THE RISE

Members of the Office of Aerospace attended the annual meeting of the Helicopter Association International in Dallas, Texas, this past February. This event included more than 1,200 exhibitors and 10,000 attendees, as well as 150 seminars covering civil, military, and other issues affecting the worldwide helicopter industry.

During the week-long conference, Honeywell International, Inc., released its annual report on the state of the helicopter market. The demand for new turbine helicopters, which declined over the past three years, is forecast to grow 3 percent annually through 2007, as reflected in the number of new aircraft deliveries identified in Honeywell's latest worldwide survey. Forty percent of the units are from U.S. manufacturers, and 35 percent are from European manufacturers.

"Fleet age and introduction of new derivative helicopter models continue to be important factors," says Mike Rendbaugh, acting president, Honeywell Engines, Systems and Services. "Buyer interest remains healthy, and there is no indication that a sharp decline is likely to occur in the foreseeable future."

The 10-year market (2002–2012) for commercial and military helicopters is expected to total 13,795 aircraft valued at \$91.5 billion, according to the latest industry outlook from the National Air Transportation Association. Overall, non-military operators are expected to purchase 8,642 turbine and piston engine helicopters worth \$16.27 billion through 2012. Total shipments will recover from a low 1,262 units in 2002 to a 10-year high of 1,529 in 2012, primarily on the strength of the military market.

The U.S. Commerce Department's Office of Aerospace assists U.S. helicopter manufacturers, suppliers, and service providers in gaining export contracts. The office has been influential in resolving tariff disputes, expediting export licensing, and locating alternative financing. For more information about the helicopter sector, contact Sean McAlister at (202) 482-6239, or [sean\\_mcalister@ita.doc.gov](mailto:sean_mcalister@ita.doc.gov).



Bell 412EP helicopter. (Photo courtesy of Bell Helicopter-Textron, Inc.)

## OFFICE OF AEROSPACE'S PRODUCT LITERATURE CENTER TO BE FEATURED AT 2003 PARIS AIR SHOW

The U.S. Commerce Department's Office of Aerospace will once again organize and manage an aerospace product literature center (APLC) at the Paris Air Show, June 15–22, 2003. The APLC will be located within the official U.S. pavilion, which is sponsored by the U.S. Department of Commerce.

The APLC at the 2001 Paris Air Show displayed sales literature of 74 U.S. companies that sought international business relationships. The 2001 APLC collected more than 1,600 sales leads for participating companies, and it registered trade visitors from 35 foreign countries. In addition, over 1,200 APLC directories containing product information on APLC participants were distributed to booth visitors and other exhibitors.

The Paris Air Show is the largest, most

prestigious event in the world for the aerospace industry. At the 2001 show, there were 500,000 visitors, and 1,861 exhibitors from 42 countries. The entire Le Bourget site was used for the show (115,371 square meters of covered space), and 226 aircraft were on display. Sales announced during the show totaled \$55 billion. U.S. companies numbered more than 400, with the majority (287) exhibiting in the U.S. pavilion.

### YOUR COMPANY CAN PARTICIPATE IN THE PARIS AIR SHOW APLC

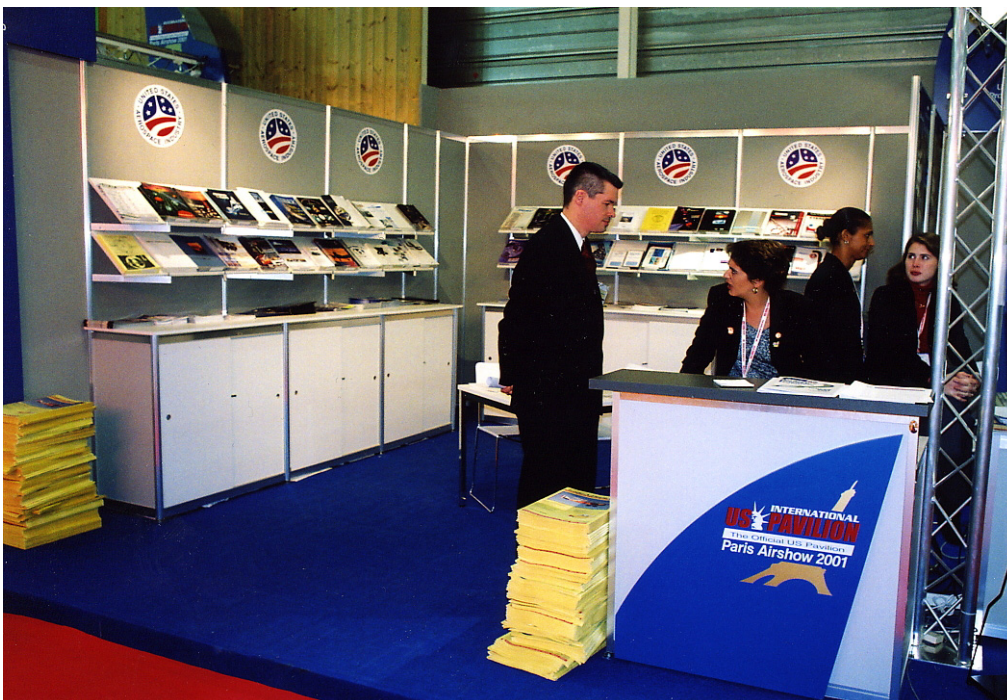
For further information on low-cost, government-sponsored participation, contact Mara Yachnin at (202) 482-6238, or [mara\\_yachnin@ita.doc.gov](mailto:mara_yachnin@ita.doc.gov).



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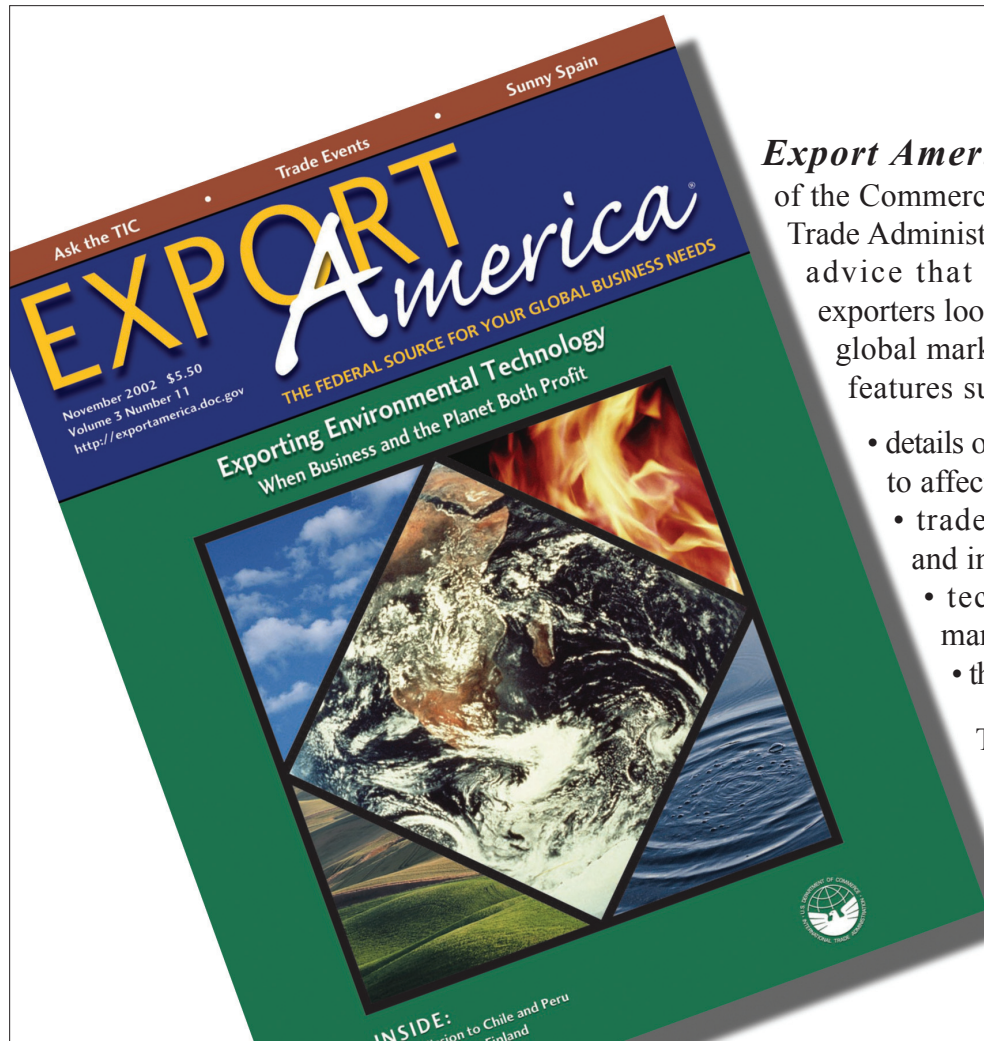
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Office of Aerospace staff member Sean McAlister (center) at the aerospace product literature center at the 2001 Paris Air Show. For information on how your company can participate in this cost-effective marketing effort at the 2003 Paris Air Show, see the accompanying article.





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